

Message Text

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11

ACTION EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01

CEA-01 AGR-05 PA-01 PRS-01 USIA-06 L-02 /081 W

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R 130911Z DEC 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9119

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: EGEN, RP

SUBJECT: PHILIPPINE INFLATION RATE SLOWS

1. PHILIPPINE CENTRAL BANK HAS ANNOUNCED THAT MANILA CONSUMER PRICE INDEX FOR ALL ITEMS DECLINED SLIGHTLY FROM 268.8 TO 265 BETWEEN SEPTEMBER AND OCTOBER. CUMULATIVE RISE IN INDEX FOR JULY THROUGH OCTOBER AMOUNTS TO 1.8 PERCENT, EQUIVALENT TO AN ANNUAL INFLATION RATE WITHOUT SEASONAL ADJUSTMENT OF ABOUT 5.4 PERCENT. DESPITE EVIDENT SLOWING OF RATE, INDEX FIGURE FOR OCTOBER 1974 IS MORE THAN 30 PERCENT HIGHER THAN FIGURE FOR OCTOBER 1973.

2. COMPONENT ELEMENTS OF OCTOBER INDEX WERE GENERALLY STABLE WITH MODEST INCREASES IN PRICES OF IMPORTED ITEMS AND AN ENCOURAGING DECLINE OF 3.0 PERCENT IN FOOD PRICES FROM THEIR SEPTEMBER

LEVEL. REPORTED REDUCTIONS OF 12 PERCENT IN CEREAL PRICES AND 10 PERCENT IN FRUIT AND VEGETABLE PRICES LED THE DOWNWARD MOVEMENT OF FOOD PRICES.

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3. COMMENT. PRICE DATA RELEASED BY CENTRAL BANK

PROVIDE STRONG EVIDENCE THAT PHILIPPINE INFLATION RATE HAS MODERATED OVER PAST FEW MONTHS. EXTENT OF MODERATION IS PROBABLY OVERSTATED BY FIGURES, HOWEVER. MUCH OF REPORTED DECLINE IN CONSUMER PRICE INDEX IN OCTOBER IS ATTRIBUTABLE TO SEASONAL FACTORS, PARTICULARLY THE HARVEST OF THE PRINCIPAL PHILIPPINE RICE CROP. FURTHER, THE LARGE PROPORTION OF RICE TRADED AT CONTROLLED PRICES RAISES SOME QUESTION ABOUT THE SIGNIFICANCE OF THE REPORTED DECLINE IN CEREAL PRICES. EMBASSY EXPECTS INFLATION WILL CONTINUE IN THE PHILIPPINES IN THE MONTHS AHEAD BUT AT RATES SIGNIFICANTLY BELOW THE 40 PERCENT RECORDED IN FISCAL 1974.

ARNOLD

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, INFLATION, RETAIL PRICE INDEXES
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Draft Date: 13 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740362-0655
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741237/aaaabfme.tel
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Review Comment: n/a
Review Content Flags:
Review Date: 09 AUG 2002
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Review Exemptions: n/a
Review History: RELEASED <09-Aug-2002 by worrelsw>; APPROVED <24 MAR 2003 by CunninFX>
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Subject: PHILIPPINE INFLATION RATE SLOWS
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